

MINUTES OF BOARD OF REVIEW
June 20, 2011

I. Call to Order, Roll Call

The meeting of the Village Board of Review of the Village of Slinger was called to order by Chairperson Murphy at 300 Slinger Road, Slinger, WI, at 12:30 p.m. on Monday, June 20, 2011 with the following members present: Chairperson Murphy, Trustee Gundrum and Deputy Clerk Wilber. Also present was Village Assessor Michael Grota of Grota Appraisals.

II. Approval of Minutes from 05/19/2011

Motion Gundrum/Wilber to approve the minutes from the 05/19/2011 Board of Review meeting as presented; carried.

III. Hear Objections to Property Assessment and Take Action as Necessary

A. Tax Key #V5-0619-018-001 1022 E Woodview Court #1

Lonita Zarling

Chairperson Murphy gave a brief overview of the procedure that would be used for today's hearings. Clerk Wilber introduced the first hearing for tax key #V5-0619-018-001 located at 1022 E Woodview Court #1 with a total assessed value of \$171,200. She swore in all witnesses to this hearing, which were property owner Lonita Zarling and Assessor Grota.

Ms. Zarling stated she was questioning the assessment on her property due to the fact that she purchased it in November 2010 for \$155,000. She stated that the 2010 assessment for the property was \$180,500 even though the purchase price was \$155,000. Ms. Zarling stated she appeared at the Open Book session and at that time the assessment was reduced to \$171,200 but she would like to know why the assessment was not lowered to her purchase price. Ms. Zarling stated she believed the house had been on the market since May 2011 and the asking price was around \$165,000.

Assessor Grota presented comparable property information and explained how the assessed value was calculated. He explained that the actual purchase price was not used for the assessment because the Village is presently assessing at an estimated 10% over market value. He explained that factors such as uniformity and equitability need to be taken into consideration and stated that individual properties should be kept even in order to keep the tax burden equitable among like properties. He discussed the properties used for comparison and stated that two of the three were assessed at approximately 6 or 10% over market value, while the third one had an assessment that was closer to market value but that one did not have a finished basement like the subject property does.

Board members asked about the assessment ratio and noted that at last month's Board of Review meeting the ratio seemed to be 6% over market value. Assessor Grota stated that additional information would indicate the difference would be closer to 10% or perhaps 11%. Discussion was held on when the Department of Revenue would take action to make the Village correct this and Assessor Grota explained that assessment statutes require that a community is within 10% either lower or higher than market value at least once within a 4-year period. He stated that an assessment ratio of 111% would be out of compliance with the statute, but the Village would have 3 more years to correct this on their own before the State would force a revaluation.

In summary, Ms. Zarling stated she did not understand why the assessed amount was not set at the level the house was actually worth. She stated that she understood that property assessments should be as equitable as possible, but she still felt that consideration should be given to the fact that her house was just purchased and the price should be used as the property's value. Ms. Zarling also stated she understood that all properties have had the same decline in value, but it does not affect all properties the same since most owners are not trying to sell their properties.

Assessor Grota stated there was no doubt that the assessment is higher than market value but this is acceptable in view of the fact that all comparable properties have been assessed at the same ratio.

Motion Gundrum/Wilber to determine that the taxpayer has presented sufficient evidence to rebut the presumption of correctness granted by law to the Assessor and to reduce the property valuation for parcel #V5-0619-018-001 to \$164,300. A roll call vote was taken on the motion with the following result: Yea's: Murphy, Gundrum, Wilber; Nay's: none. The motion was passed.

Assessor Grota provided Ms. Zarling with the Notice of Board of Review Determination and further appeal procedures information.

**B. Tax Key #V5-0318-00A 300 E Washington Street
Associated Banc Corporation**

Clerk Wilber introduced the next hearing for tax key #V5-0318-00A located at 300 E Washington Street and swore in all witnesses to this hearing, which were the property owner's representative Gary Kohlenberg and Assessor Grota.

Assessor Grota informed the Board that Mr. Kohlenberg had presented the documentation that confirmed he is acting as an authorized representative for the Associated Bank.

Chairperson Murphy explained the Board of Review process and informed Mr. Kohlenberg that state law requires that the Board hold the assessor's opinion to be correct unless the objector provides sufficient evidence to the contrary. She stated that the burden of proof is on the property owner or their representative.

Mr. Kohlenberg informed the Board he is a licensed assessor, a commercial real estate agent and a Certified Public Accountant with masters degrees in accounting and international business. He presented three comparable properties located in other communities that had undergone recent sales and stated that it was his opinion that the subject property should be assessed at \$60 per square foot. He reviewed the comparable properties and stated the first is located in New Berlin and sold in February 2010 for \$60.82 per square foot. Mr. Kohlenberg stated that the second comparable was in Hartland and sold in April 2010 for \$54.35 per square foot. He stated that the third comparable was in Oshkosh and sold in March 2009 for \$53.81 per square foot. Mr. Kohlenberg stated that each of these sales showed that the subject property should be valued much lower than its assessed rate of \$147 per square foot. He stated the comparables he provided would support an assessed value of \$60 per square foot.

Mr. Kohlenberg stated that the comparable properties are similar in size and location to the subject property. He stated he represents many commercial properties including bank facilities and he is very familiar with the conditions of the current real estate market. He stated that all sales presented were arm's length transactions. He noted that the parties involved in the New Berlin transaction had very similar names, but he had personally confirmed that the sale was an arm's length transaction.

Mr. Kohlenberg stated that he also wanted to show a document that he would not normally submit for review because it is only a listing for sale at this time, however it is a property that is very similar to the subject property. He provided a listing for an M&I Bank building located in Thiensville and stated it would be assessed at \$67 per square foot in his opinion.

Assessor Grota asked Mr. Kohlenberg if any of the sold properties were actively operated as banks at the time of sale or if they had been vacant buildings. Mr. Kohlenberg stated he could not say for certain although it was his belief that the New Berlin property had been used as a bank before the sale. Assessor Grota asked if Mr. Kohlenberg knew how long the properties had been on the market before their sale and Mr. Kohlenberg stated he did not have that information.

Discussion was held on whether any of the properties included active lease agreements. Mr. Kohlenberg stated that the Department of Revenue has ruled that a leased property will be considered to be of higher value, however actual occupancy of the building is not a significant factor.

Assessor Grota asked if there were any deed restrictions on the comparable properties that would prohibit any banking uses in the future. Mr. Kohlenberg stated that Associated Bank had informed him that some of their properties had deed restrictions, but they would not discuss the details of any specific property because deed restrictions can be lifted if needed to promote a sale. Mr. Kohlenberg agreed that this type of deed restriction can reduce the value of a property, but he stated this is a limited factor since the restriction can be removed by the property owner at any time.

The Board asked Mr. Kohlenberg to discuss the dimensions of the comparable properties for the improvements and the land. Discussion was held on the fact that the subject property is nearly four times the size of the comparables presented. Mr. Kohlenberg stated that when banks look for potential sites, they typically look for location and do not normally consider the size of the parcel. He stated that banks rarely subdivide lots, so additional land would not be considered a major value to them.

Assessor Grota explained how the assessed value was calculated and discussed the property characteristics that were taken into consideration. He distributed a form explaining the Village of Slinger's 2011 Board of Review Appeal Considerations and stated that Grota Appraisals had followed all legal guidelines and accepted industry standards when they performed the Village-wide revaluation in 2009. He explained that when a full revaluation is completed, assessments will remain static afterwards to preserve uniformity and equity throughout the municipality.

Assessor Grota stated there have been no recent sales of bank buildings in the community. He provided sales of office and professional buildings listed on LoopNet that were recorded in 2006 through 2008 and stated that the sale prices ranged from \$129 to \$192 per square foot.

Assessor Grota discussed the option of using an income analysis to support the assessment of the property and stated that specific income data were not available, however using the industry average of \$20 income per square foot, the assessment for this property could be estimated at \$1,393,000. He stated that even using a lower income rate of \$15 per square foot would give an assessed value of \$1,045,000, which would still be higher than the current assessed value.

Mr. Kohlenberg asked Assessor Grota why he would present an income analysis to support the assessment when Marconian principles dictate that comparable sales should be used whenever available. Assessor Grota stated that comparable sales were used, but the income analysis could also be considered to support the original assessment.

Mr. Kohlenberg asked Assessor Grota if he could provide any supporting documentation to verify the estimate of \$20 per square foot of income. Assessor Grota stated that the information had been provided to him in other hearings, primarily by Mr. Allen Markowitz who represents many commercial property owners. Assessor Grota stated he would not be at liberty to provide any written documentation.

Mr. Kohlenberg asked Assessor Grota if he was aware that LoopNet is presently reporting that retail space in the Village of Slinger is renting at rates of \$8.97 - \$12 per square foot. Assessor Grota stated that this would be possible for retail space, but office and professional buildings would not be in the same category.

Discussion was held on how the size of a building affects its assessment, and Assessor Grota and Mr. Kohlenberg agreed that normally the larger the building, the lower the cost per square foot. Assessor Grota stated that the comparables would support this, and also supported his assessment of the subject property. Mr. Kohlenberg stated that using that ratio and applying a coefficient correlation analysis, the subject property would be assessed at \$112 per square foot.

The Board asked Assessor Grota to provide further information on the method used to calculate this assessment. Assessor Grota stated that he used a market method and a modified market approach in calculating the assessed value. He stated that commercial property values have remained very stable in the Slinger area.

In summary, Mr. Kohlenberg asked that the Board consider that the Wisconsin Assessors Manual states that the valuation method he used is the preferred method and it shows that the highest value for this property would be \$60 per square foot. He also stated that the substitution value indicates that no investor will pay the assessed value of a property if a comparable property can be substituted for a lesser amount. Mr. Kohlenberg discussed the larger size of the subject property's land and stated that banks typically do not pay or demand a premium for any excess land that may be a part of the parcel.

Mr. Kohlenberg stated that Assessor Grota used a cost approach in calculating this assessment, however in his opinion neither the cost approach nor the income approach is appropriate in this situation. He stated that comparable sales must be considered. Mr. Kohlenberg stated that an arm's length sale of the subject property is the best measure of its value, which is not available as of January 1, 2011. He stated that in the absence of a recent sale of the property, its actual value is probably somewhere in between his estimate of \$60 per square foot and the assessment of \$147 per square foot. He stated that the Board had the authority to determine a value within that range.

Assessor Grota stated that the subject property should not be compared with retail properties in the area due to its special location and qualities. He stated that a functionality discount of 10% was applied to the assessment due to the fact that this is a single tenant building.

Assessor Grota stated that the fourth comparable presented by Mr. Kohlenberg, which was the property located in Thiensville, shows that the property is listed at a sales price of \$146 per square foot and this would indicate that the market for this type of property is still active. Discussion was held on the unusual activity in commercial property sales within the Village of Slinger and the relative strength of the market in this area.

Motion Wilber/Gundrum to determine that the objector has not presented sufficient evidence to rebut the presumption of correctness granted by law to the Assessor and to affirm the Assessor's valuation of \$1,023,500 for parcel #V5-0318-00A located at 300 E Washington Street. A roll call vote was taken on the motion with the following result: Yea's: Murphy, Gundrum, Wilber; Nay's: none. The motion was passed.

Assessor Grota provided Mr. Kohlenberg with the Notices of Board of Review Determination and further appeal procedures information.

**C. Tax Key #V5-0747-012 through Tax Key #V5-0747-023
Tax Key #V5-0747-083 through Tax Key #V5-0747-087
Tax Key #V5-0747-092 through Tax Key #V5-0747-093
Tax Key #V5-0747-146 Farmstead Creek Subdivision
Bielinski Homes, Inc**

Chairperson Murphy stated that the Board had received an affidavit from Mr. Tim Voeller, Chief Legal Counsel for Bielinski Homes that was a notice of amended assessments at open book and a waiver of amended assessments notification. Assessor Grota explained that there were several parcels in the Farmstead Creek Subdivision that could no longer be designated for agricultural use due to the amount of development that had taken place. He stated he had spoken with Mr. Voeller and they reached an agreement as to which parcels should now be assessed at a higher rate, and those parcels are listed in the notice.

Assessor Grota informed the Board that since this document was received after he had turned over the completed assessment roll at the first Board of Review hearing, a formal motion should be made to accept the affidavit so the assessment roll can be amended at this time.

Motion Wilber/Gundrum to accept the Notice of Amended Assessments and Waiver of Amended Assessments Notification from Bielinski Homes as presented. A roll call vote was taken on the motion with the following result: Yea's: Murphy, Gundrum, Wilber; Nay's: none. The motion was passed.

**D. Tax Key #V5-0820-029 through
Tax Key #V5-0820-056 Sherman Heights, Phase 2
Louis Neuville**

Chairperson Murphy asked Assessor Grota if the Bielinski properties that were just discussed could be considered comparable to the parcels located in Phase 2 of Sherman Heights. Assessor Grota stated they were very comparable and had been assessed using the same method and considerations. Chairperson Murphy asked property owner Lou Neuville if he still wished to be sworn in to discuss these parcels now that the comparable properties would be assessed at the same level as his properties.

Mr. Neuville stated he did not need to be sworn in to discuss his properties any further, however he wished to express his concern that all comparable properties be treated the same way to keep everything equitable within the Village. Chairperson Murphy stated there were some properties that are still being assessed as agricultural even though they no longer qualify for that designation. She explained that a change in assessment designation could not be made by the Board of Review, but the Village is pursuing other options to resolve this situation.

IV. Consideration of Waiver Requests Regarding the Notice of Intent to File Objection for Extraordinary Circumstances per WI Statute 70.47(3)(ak) - None

V. Receive Objection Forms Not Previously Filed - None

VI. Hear Objections to Property Assessments and Take Action as Necessary - None

**VII. Adjournment
(If the Board of Review has concluded all of its case matters, it will adjourn sine die.)**

Motion Wilber/Gundrum to adjourn sine die at 1:30 p.m.; carried unanimously.

Maureen A. Murphy, Chairperson

Minutes submitted by Margaret Wilber, Deputy Clerk